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Jack Dothage
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MEMORANDUM

TO: State Agencies
FROM: OA, Accounting
DATE: August 2, 2004
RE: Financial Vendor File Vendor Category

As you are aware, there are various vendor categories. For instance, there is Corporation, Individual, Federal/Military Government, State/Local Government, State Employee, Partnership and Sole Proprietor. The vendor category determines how the record is set up on the statewide vendor file for payment, procurement and 1099 reporting purposes.

Vendor Input forms are completed by vendors and state agencies for all change and delete transactions. This form requires the vendor to select the applicable vendor category. The Online bid website requires vendors to enter their applicable vendor category also. The online VEN2 and VEN3 screens currently ad hoc routed to OA, Accounting does not have a field designated for the entry of vendor category.

As you are aware, knowing the vendor category at the time the vendor record is established in SAMII assists with the correct set up of the vendor record. The correct set up results in fewer 1099 mismatch records between the Internal Revenue Service (IRS) and the statewide vendor file. When the IRS notifies us that there is a mismatch between our records and their files the vendor's record is immediately set to "Stops Processing" which prohibits state agencies from processing online payment and procurement transactions through SAMII Financial. The "Stops Processing" is removed when updated vendor information is received from the vendor following the applicable statewide vendor file procedures.

In an attempt to reduce the number of mismatch records each year and to decrease the number of vendor records set up incorrectly due to an incorrect vendor category, OA, Accounting has set up the following report indicators. The two digit report indicators are:

CO – Incorporated
FM – Federal Military Government
IN – Individual
PT – Partnership
SE – State Employee
SL – State/Local Government
SP – Sole Proprietor
OT – Other

OA, Accounting is asking agency staff to enter one of the above two digit report indicators on the VEN3 screen in the Report Indicator Report 8 field. If OT is entered in this field, then a short description of the category must be entered in the Comment field on the Vendor (1 of 3) (VEN2).

Agencies are strongly encouraged to have vendors complete the Vendor Input form and return it to the agency for use when completing the online VEN2 and VEN3 screens for ad hoc routing to OA, Accounting. The Vendor Input forms for vendor adds should be kept on file at the agency level as long as the vendor is an active vendor or until an updated Vendor Input form is submitted to replace it.

The entry of the two digit vendor category code in the Report Indicator Report 8 field will be mandatory effective September 1, 2004 on all vendor add requests. Please ensure that all staff within your agency responsible for processing vendor add requests is aware of this change.

Our goal is to reduce the number of vendor records that have to be placed on stops processing in the vendor file due to the IRS mismatch notification. Your assistance is greatly appreciated.

If you have any questions, please contact an Agency Customer Service Coordinator (ACSC) within your agency. If the ACSC can not answer your question, the ACSC will contact the OA, Accounting ACSC desk for assistance.

vendorreportindicators.doc